

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2015

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WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT

Officials

June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Lenny Sanders	Board President	2015
Michelle Randall	Board Vice President	2015
Larisa Conner	Board Member	2015
Nate Prickett	Board Member	2017
Jay Day	Board Member	2017

School Officials

David Schmitt	Superintendent	2015
Tina Diewold	District Secretary/Treasurer	Indefinite
Toby Gordon	Attorney	Indefinite
Schulte, Hahn, Swanson, Engler & Gordon Law Firm		

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Muscatine, Iowa 52761
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Independent Auditor's Report

To the Board of Education of
West Burlington Independent School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Burlington Independent School District, West Burlington, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Burlington Independent School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 12 to the financial statements, West Burlington Independent School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 51 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Burlington Independent School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 16, 2016 on my consideration of West Burlington Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Burlington Independent School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Burlington Independent School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,909,373 in fiscal 2014 to \$8,219,069 in fiscal 2015, and General Fund expenditures increased from \$7,462,045 in fiscal 2014 to \$7,768,615 in fiscal 2015. The District's General Fund balance increased from \$1,366,052 in fiscal 2014 to \$1,817,125 in fiscal 2015, a 33% increase.
- The increase in General Fund revenues was attributable to an increase in state and federal grant revenue in fiscal 2015. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures. One reason the General Fund balance increased is because the increase in negotiated salary and benefits settlement was less than the District's increase in General Fund revenue for fiscal 2015.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of West Burlington Independent School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Burlington Independent School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which West Burlington Independent School District acts solely as an agent or custodian for the benefit of those outside of District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and

related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and the agency fund.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

West Burlington Independent School District Annual Financial Report

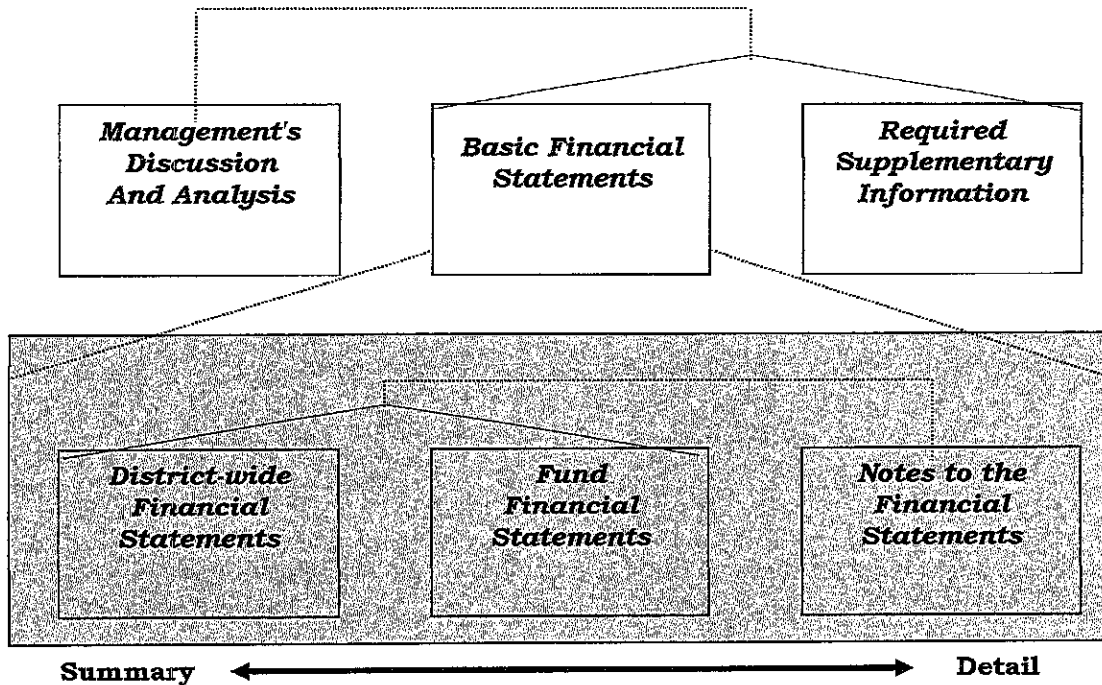


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector

companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary fund:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activity but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for the proprietary fund include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Fund.
- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
 - Agency Fund - The District acts as an agent for individuals, private organizations or other governments.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3

Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015
Current and other assets	\$ 6,232,543	\$ 6,446,810	\$ 80,382	\$ 55,664	\$ 6,312,925	\$ 6,502,474	-2.92%
Capital assets	8,540,216	8,784,709	38,553	38,553	8,578,769	8,823,262	-2.77%
Total assets	14,772,759	15,231,519	118,935	94,217	14,891,694	15,325,736	-2.83%
Deferred outflows of resources	645,556	-	17,867	-	663,423	-	100.00%
Long-term liabilities	6,904,663	5,108,085	42,652	-	6,947,315	5,108,085	36.01%
Other liabilities	12,727,233	1,216,112	30,000	25,076	12,757,233	1,241,188	927.82%
Total liabilities	19,631,896	6,324,197	72,652	25,076	19,704,548	6,349,273	210.34%
Deferred inflows of resources	3,283,251	2,450,884	22,552	-	3,305,803	2,450,884	34.88%
Net position							
Net investment in							
capital assets	4,825,006	4,278,018	38,553	38,553	4,863,559	4,316,571	12.67%
Restricted	978,097	1,555,519	-	-	978,097	1,555,519	-37.12%
Unrestricted	(1,845,425)	622,901	3,045	30,588	(1,842,380)	653,489	-381.93%
Total net position	\$ 3,957,678	\$ 6,456,438	\$ 41,598	\$ 69,141	\$ 3,999,276	\$ 6,525,579	-38.71%

The District's total net position decreased by approximately 39%, or \$2,526,303, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$577,422, or approximately 37% from the prior year. The district refunded the multi-purpose room bond and the revenue was recorded at the end of FY15, thus increasing the restricted net position.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$2,495,869, or approximately 382%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,423,386 and \$58,416, respectively, to retroactively, report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4

	Changes in Net Position						Total Change
	Governmental Activities		Business Type Activities		Total District		
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	
Revenues							
Program revenues							
Charges for service	\$ 3,161,911	\$ 2,846,499	\$ 178,892	\$ 155,157	\$ 3,340,803	\$ 3,001,656	11.30%
Operating grants	886,902	1,074,026	260,532	247,590	1,147,434	1,321,616	-13.18%
General revenues							
Property tax	2,506,690	2,399,831	-	-	2,506,690	2,399,831	4.45%
Statewide sales, services and use tax	457,014	419,901	-	-	457,014	419,901	8.84%
Unrestricted state grants	2,438,845	2,464,821	-	-	2,438,845	2,464,821	-1.05%
Contributions and donations	11,554	36,443	-	-	11,554	36,443	-68.30%
Unrestricted investment earnings	372	371	11	9	383	380	0.79%
Other	<u>44,370</u>	<u>3,537</u>	<u>-</u>	<u>-</u>	<u>44,370</u>	<u>3,537</u>	1154.45%
Total revenues	<u>9,507,658</u>	<u>9,245,429</u>	<u>439,435</u>	<u>402,756</u>	<u>9,947,093</u>	<u>9,648,185</u>	3.10%

Program expenses

Governmental activities

Instruction	5,431,522	5,323,738	-	-	5,431,522	5,323,738	2.02%
Support services	2,462,810	2,520,710	-	-	2,462,810	2,520,710	-2.30%
Non-instructional programs	-	-	408,562	412,192	408,562	412,192	-0.88%
Other expenses	<u>688,700</u>	<u>688,653</u>	<u>-</u>	<u>-</u>	<u>688,700</u>	<u>688,653</u>	0.01%
Total expenses	<u>8,583,032</u>	<u>8,533,101</u>	<u>408,562</u>	<u>412,192</u>	<u>8,991,594</u>	<u>8,945,293</u>	0.52%
Change in net position	924,626	712,328	30,873	(9,436)	955,499	702,892	35.94%
Net position beginning of year, as restated	<u>3,033,052</u>	<u>5,744,110</u>	<u>10,725</u>	<u>78,577</u>	<u>3,043,777</u>	<u>5,822,687</u>	-47.73%
Net position end of year	<u>\$ 3,957,678</u>	<u>\$ 6,456,438</u>	<u>\$ 41,598</u>	<u>\$ 69,141</u>	<u>\$ 3,999,276</u>	<u>\$ 6,525,579</u>	-38.71%

In fiscal year 2015, property tax and unrestricted state grants accounted for approximately 52% of governmental activities revenue while charges for service and sales and operating grants and contributions accounted for almost 100% of the business type activities revenue. The District's total revenues were \$9,947,093 of which \$9,507,658 was for governmental activities and \$439,435 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an increase of approximately 3% in revenues and a less than 1% increase in expenses. Property tax revenue increased \$106,859 and statewide sales, services and use tax revenue increased \$37,113 to fund increases in expenditures. The increases in expenses related to increases in the negotiated salary and benefits as well as increases in expenses funded by grants received by the District.

Governmental Activities

Revenues for governmental activities were \$9,507,658 and expenses were \$8,583,032 for the year ended June 30, 2015. The District's revenue increased more than the expenditures due to an increase in property taxes and open enrollment, which helped fund the increase in expenditures.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-5

Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2015	2014 (Not restated)	Change 2014- 2015	2015	2014 (Not restated)	Change 2014- 2015
Instruction	\$ 5,431,522	\$ 5,323,738	2.0%	\$ 1,580,662	\$ 1,623,393	-2.6%
Support services	2,462,810	2,520,710	-2.3%	2,461,351	2,493,111	-1.3%
Other expenses	<u>688,700</u>	<u>688,653</u>	0.0%	<u>492,206</u>	<u>496,072</u>	-0.8%
Total expenses	<u>\$ 8,583,032</u>	<u>\$ 8,533,101</u>	0.6%	<u>\$ 4,534,219</u>	<u>\$ 4,612,576</u>	-1.7%

For the year ended June 30, 2015:

- The cost financed by users of the District's programs was \$3,161,911.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$886,902.
- The net cost of governmental activities was financed with \$2,963,704 in property and other taxes and \$2,438,845 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2015 were \$439,435 representing a 10% increase over the prior year, while expenses totaled \$408,562, a 1% decrease from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Burlington Independent School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,806,871, well below last year's ending fund balances of \$2,863,991. This was due to the District spending revenue from the 2014 issuance of statewide sales, services and use tax bonds during the 2015 year.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of decreasing the expenses to fall under the available revenues.
- The General Fund balance increased from \$1,366,052 to \$1,817,125, due in part to an increase in property taxes and open enrollment, as well as keeping the expenditures under the available resources.
- The Management Fund balance increased from \$48,408 in 2014 to \$68,126 in 2105 due to tax revenues exceeding expenditures for 2015.
- The Capital Projects - Statewide Sales, Services and Use Tax Fund balance decreased from \$1,302,955 in 2014 to \$753,156 in 2015 due to the refunding of the multi-purpose room bond and the revenue being received/recorded at the end of FY15.

Proprietary Fund Highlights

Enterprise Fund net position increased from \$10,725 at June 30, 2014 to \$41,598 at June 30, 2015, representing an increase of approximately 288%. Due to the closed campus for lunch, there has been a significant increase in the number of students buying lunch, which resulted in more revenue. Lunch prices were also increased which helped the net position. The District also reflected the pension liabilities and pension expenses for the net pension liability during 2015, which caused an overall reduction of net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Burlington Independent School District amended its annual budget one time by \$1,163,027 to reflect additional expenditures associated with increased labor and technology costs and costs associated with the facility improvement.

The District's total revenues were \$339,862 more than budgeted revenues, a variance of approximately 4%. The most significant variance resulted from the District receiving more in state aid and open enrollment revenue than originally anticipated.

Total expenditures were \$1,134,564 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had invested \$8,578,769, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 3% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$582,041.

The original cost of the District's capital assets was \$17,171,663. Governmental funds account for \$17,069,311, with the remainder of \$102,352 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category. The District's improvements other than buildings category totaled \$507,617 at June 30, 2015, compared to \$431,704 reported at June 30, 2014. This increase resulted from the fact that a number of site improvements were made, such as new underground fiber optics and new bleachers.

Figure A-6

Capital Assets, Net of Depreciation							
	Governmental		Business Type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2015	2014	2015	2014	2015	2014	2014-2015
Land	\$ 117,000	\$ 117,000	\$ -	\$ -	\$ 117,000	\$ 117,000	0.00%
Buildings and improvements	6,959,699	7,151,654	-	-	6,959,699	7,151,654	-2.68%
Improvements, other than buildings	507,617	431,704	-	-	507,617	431,704	17.58%
Furniture and equipment	955,900	1,084,351	38,553	38,553	994,453	1,122,904	-11.44%
Totals	<u>\$8,540,216</u>	<u>\$8,784,709</u>	<u>\$38,553</u>	<u>\$38,553</u>	<u>\$8,578,769</u>	<u>\$8,823,262</u>	-2.77%

Long-Term Debt

At June 30, 2015, the District had \$6,947,315 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 23% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$7.6 million.

Figure A-7

Outstanding Long-term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2015	2014 (restated)	2014-2015
Governmental activities			
General obligation bonds	\$ -	\$ 205,000	-100.00%
Revenue bonds	3,535,000	3,670,000	-3.68%
Revenue anticipation notes	-	658,000	-100.00%
Capital leases	180,210	180,210	0.00%
Termination benefits	143,831	177,616	-19.02%
Net pension liability	2,800,951	3,836,081	-26.98%
Net OPEB liability	<u>244,671</u>	<u>217,259</u>	12.62%
	6,904,663	8,944,166	-22.80%
Business type activities			
Net pension liability	<u>42,652</u>	<u>58,416</u>	-26.99%
Total	<u>\$ 6,947,315</u>	<u>\$ 9,002,582</u>	-22.83%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of some existing circumstances which could significantly affect its financial health in the future:

- Because of the larger number of students in a variety of grade levels, additional staff may be needed in order to keep the classroom sizes smaller.
- Due to increased technology needs for the 1-1 initiative, the district may see more expenses in order to keep up with the needs for new technology.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tina Diewold, District Secretary/Treasurer and Business Manager, West Burlington Independent School District, 607 Ramsey, West Burlington, Iowa, 52655.

Basic Financial Statements

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

Assets	Governmental Activities	Business Type Activities	Total
Cash, cash equivalents and pooled investments			
Cash with fiscal agent	\$ 509,581	\$ -	\$ 509,581
Other	2,560,023	68,942	2,628,965
Receivables			
Property tax			
Delinquent	7,828	-	7,828
Succeeding year	2,215,049	-	2,215,049
Accounts receivable	188	-	188
Accrued interest	45	-	45
Due from other governments	939,829	3,951	943,780
Inventories	-	7,489	7,489
Non-depreciable capital assets	117,000	-	117,000
Capital assets, net of accumulated depreciation	8,423,216	38,553	8,461,769
Total assets	<u>14,772,759</u>	<u>118,935</u>	<u>14,891,694</u>
 Deferred Outflows of Resources			
Pension related deferred outflows	<u>645,556</u>	<u>17,867</u>	<u>663,423</u>
 Liabilities			
Accounts payable	166,706	1,395	168,101
Salaries and benefits payable	1,026,017	28,605	1,054,622
Advances from grantors			
Accrued interest payable	80,000	-	80,000
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	165,000	-	165,000
Capital leases payable	169,193	-	169,193
Termination benefits payable	28,098	-	28,098
Portion due after one year			
Revenue bonds payable	3,370,000	-	3,370,000
Capital leases payable	11,017	-	11,017
Termination benefits payable	115,733	-	115,733
Net pension liability	2,800,951	42,652	2,843,603
Net OPEB liability	244,671	-	244,671
Total liabilities	<u>8,177,386</u>	<u>72,652</u>	<u>8,250,038</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Pension related deferred inflows	\$ 1,068,202	\$ 22,552	\$1,090,754
Unavailable property tax revenue	2,215,049	-	2,215,049
Total deferred inflows of resources	<u>3,283,251</u>	<u>22,552</u>	<u>3,305,803</u>
Net Position			
Net investment in capital assets	4,825,006	38,553	4,863,559
Restricted for			
Categorical funding	78,012	-	78,012
Physical plant and equipment	64,842	-	64,842
Student activities	82,087	-	82,087
School infrastructure	753,156	-	753,156
Unrestricted	<u>(1,845,425)</u>	<u>3,045</u>	<u>(1,842,380)</u>
Total net position	<u>\$ 3,957,678</u>	<u>\$ 41,598</u>	<u>\$3,999,276</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2015

Exhibit B

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Governmental Business Type Activities</u>	<u>Activities</u>
Governmental activities						
Instruction						
Regular instruction	\$ 3,789,604	\$ 3,033,037	\$ 497,548	\$ -	\$ (259,019)	\$ -
Special instruction	686,254	127,415	153,660	-	(405,179)	-
Other instruction	955,664	-	39,200	-	(916,464)	-
	<u>5,431,522</u>	<u>3,160,452</u>	<u>690,408</u>	<u>-</u>	<u>(1,580,662)</u>	<u>-</u>
Support services						
Student	196,176	-	-	-	(196,176)	-
Instructional staff	502,173	-	-	-	(502,173)	-
Administration	823,295	-	-	-	(823,295)	-
Operation and maintenance of plant	857,622	1,459	-	-	(856,163)	-
Transportation	83,544	-	-	-	(83,544)	-
	<u>2,462,810</u>	<u>1,459</u>	<u>-</u>	<u>-</u>	<u>(2,461,351)</u>	<u>-</u>
Other expenses						
Facilities acquisition	34,497	-	-	-	(34,497)	-
Long-term debt interest	148,427	-	-	-	(148,427)	-
AEA flowthrough	196,494	-	196,494	-	-	-
Depreciation (unallocated) *	309,282	-	-	-	(309,282)	-
	<u>688,700</u>	<u>-</u>	<u>196,494</u>	<u>-</u>	<u>(492,206)</u>	<u>-</u>
Total governmental activities	<u>8,583,032</u>	<u>3,161,911</u>	<u>886,902</u>	<u>-</u>	<u>(4,534,219)</u>	<u>-</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2015

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Operating Grants, Contributions and Restricted	Capital Grants, Contributions and Restricted	Interest	Governmental Business Type Activities	Activities	Total
Functions/Programs (continued)						
Business type activities						
Non-instructional programs						
Food service operations	Charges for Services					
	Expenses					
	\$ 408,562	\$ 178,892	\$ 260,532	\$ -	\$ 30,862	\$ 30,862
Total	\$ 8,991,594	\$ 3,340,803	\$ 1,147,434	(4,534,219)	30,862	(4,503,357)
General Revenues						
Property tax levied for						
General purposes				2,140,610	-	2,140,610
Debt service				210,910	-	210,910
Capital outlay				155,170	-	155,170
Statewide sales, services and use tax				457,014	-	457,014
Unrestricted state grants				2,438,845	-	2,438,845
Contributions and donations				11,554	-	11,554
Unrestricted investment earnings				372	11	383
Other				44,370	-	44,370
Total general revenues				5,458,845	11	5,458,856
Change in net position				924,626	30,873	955,499
Net position beginning of year, as restated				3,033,052	10,725	3,043,777
Net position end of year				\$ 3,957,678	\$ 41,598	\$ 3,999,276

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

Exhibit C

	General	Management Levy	Capital Projects Statewide Sales, Services and Use Tax	Debt Service	Nonmajor Governmental Funds	Total
Assets						
Cash, cash equivalents and pooled investments						
Cash with fiscal agent	\$ -	\$ -	\$ 509,581	\$ -	\$ -	\$ 509,581
Other	2,150,978	68,002	172,808	20,974	147,261	2,560,023
Receivables						
Property tax						
Delinquent	6,189	658	-	565	416	7,828
Succeeding year	1,788,974	375,001	-	-	51,074	2,215,049
Accounts receivable	-	-	-	-	188	188
Accrued interest	45	-	-	-	-	45
Due from other governments	869,062	-	70,767	-	-	939,829
Total assets	<u>\$4,815,248</u>	<u>\$ 443,661</u>	<u>\$ 753,156</u>	<u>\$ 21,539</u>	<u>\$198,939</u>	<u>\$6,232,543</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 165,236	\$ 534	\$ -	\$ -	\$ 936	\$ 166,706
Salaries and benefits payable	1,026,017	-	-	-	-	1,026,017
Total liabilities	<u>1,191,253</u>	<u>534</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>1,192,723</u>
Deferred inflows of resources						
Unavailable revenue						
Succeeding year property tax	1,788,974	375,001	-	-	51,074	2,215,049
Other	17,900	-	-	-	-	17,900
Total deferred inflows of resources	<u>1,806,874</u>	<u>375,001</u>	<u>-</u>	<u>-</u>	<u>51,074</u>	<u>2,232,949</u>
Fund balances						
Restricted for						
Categorical funding	78,012	-	-	-	-	78,012
School infrastructure	-	-	753,156	-	-	753,156
Student activities	-	-	-	-	82,087	82,087
Management levy purposes	-	68,126	-	-	-	68,126
Physical plant and equipment	-	-	-	-	64,842	64,842
Debt service	-	-	-	21,539	-	21,539
Unassigned	1,739,109	-	-	-	-	1,739,109
Total fund balances	<u>1,817,121</u>	<u>68,126</u>	<u>753,156</u>	<u>21,539</u>	<u>146,929</u>	<u>2,806,871</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,815,248</u>	<u>\$ 443,661</u>	<u>\$ 753,156</u>	<u>\$ 21,539</u>	<u>\$198,939</u>	<u>\$6,232,543</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

Exhibit D

Total fund balances of governmental funds	\$ 2,806,871
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**Amounts reported for governmental activities in the Statement of Net Position
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,540,216
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Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	17,900
--	--------

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(80,000)
--	----------

Pension related deferred outflows of resources and deferred inflows of resources are
not due and payable in the current year and, therefore, are not reported in the
governmental funds, as follows:

Deferred outflows of resources	\$ 645,556	
Deferred inflows of resources	<u>(1,068,202)</u>	(422,646)

Long-term liabilities, including bonds and notes payable, termination benefits and other postemployment benefits payable and net pension liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(6,904,663)</u>
--	--------------------

Net position of governmental activities	<u>\$ 3,957,678</u>
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WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Exhibit E

			Capital Projects Statewide		Nonmajor Governmental	
	General	Management Levy	Sales, Services and Use Tax	Debt Service	Funds	Total
Revenues						
Local sources						
Local tax	\$1,938,436	\$201,293	\$ -	\$ 210,830	\$155,112	\$ 2,505,671
Tuition	2,837,591	-	-	-	-	2,837,591
Other	100,564	3,876	16,584	4	215,217	336,245
State sources	3,119,492	4,069	457,014	3,498	2,573	3,586,646
Federal sources	222,986	-	-	-	-	222,986
Total revenues	<u>8,219,069</u>	<u>209,238</u>	<u>473,598</u>	<u>214,332</u>	<u>372,902</u>	<u>9,489,139</u>
Expenditures						
Current						
Instruction						
Regular	3,845,949	42,737	-	-	-	3,888,686
Special	702,462	-	-	-	-	702,462
Other	768,708	5,590	-	-	203,937	978,235
	<u>5,317,119</u>	<u>48,327</u>	<u>-</u>	<u>-</u>	<u>203,937</u>	<u>5,569,383</u>
Support services						
Student	201,791	-	-	-	-	201,791
Instructional staff	370,299	-	-	-	-	370,299
Administration	837,059	12,843	-	-	-	849,902
Operation and maintenance of plant	722,517	120,017	-	-	20,014	862,548
Transportation	123,336	8,333	-	-	-	131,669
	<u>2,255,002</u>	<u>141,193</u>	<u>-</u>	<u>-</u>	<u>20,014</u>	<u>2,416,209</u>
Other expenditures						
Facilities acquisition	-	-	79,933	-	134,251	214,184
Long-term debt						
Principal	-	-	-	998,000	-	998,000
Interest and fiscal charges	-	-	-	152,604	-	152,604
AEA flowthrough	196,494	-	-	-	-	196,494
	<u>196,494</u>	<u>-</u>	<u>79,933</u>	<u>1,150,604</u>	<u>134,251</u>	<u>1,561,282</u>
Total expenditures	<u>7,768,615</u>	<u>189,520</u>	<u>79,933</u>	<u>1,150,604</u>	<u>358,202</u>	<u>9,546,874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>450,454</u>	<u>19,718</u>	<u>393,665</u>	<u>(936,272)</u>	<u>14,700</u>	<u>(57,735)</u>
Other financing sources (uses)						
Sale of equipment and materials	615	-	-	-	-	615
Transfers in	-	-	-	943,464	-	943,464
Transfers (out)	-	-	(943,464)	-	-	(943,464)
Total other financing sources (uses)	<u>615</u>	<u>-</u>	<u>(943,464)</u>	<u>943,464</u>	<u>-</u>	<u>615</u>
Change in fund balances	451,069	19,718	(549,799)	7,192	14,700	(57,120)
Fund balance, beginning of year	1,366,052	48,408	1,302,955	14,347	132,229	2,863,991
Fund balance, end of year	<u>\$1,817,121</u>	<u>\$ 68,126</u>	<u>\$ 753,156</u>	<u>\$ 21,539</u>	<u>\$146,929</u>	<u>\$ 2,806,871</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Exhibit F

Change in fund balances - total governmental funds \$ (57,120)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense for the current year, are as follows:

Expenditures for capital assets	\$ 337,548	
Depreciation expense	<u>(582,041)</u>	(244,493)

Certain revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds.	17,900
--	--------

Repayments of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	998,000
--	---------

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	424,976
---	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	33,785	
Pension expense	(225,191)	
Other postemployment benefits	<u>(27,412)</u>	(218,818)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>4,181</u>
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Change in net position of governmental activities	<u><u>\$ 924,626</u></u>
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See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2015

Exhibit G

	<u>Nonmajor Enterprise School Nutrition</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 68,942
Due from other governments	3,951
Inventories	<u>7,489</u>
Total current assets	80,382
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>38,553</u>
Total assets	<u>118,935</u>
 Deferred Outflows of Resources	
Pension related deferred outflows	<u>17,867</u>
 Liabilities	
Current liabilities	
Accounts payable	1,395
Salaries and benefits payable	<u>28,605</u>
Total current liabilities	30,000
Noncurrent liabilities	
Net pension liability	<u>42,652</u>
Total liabilities	<u>72,652</u>
 Deferred Inflows of Resources	
Pension related deferred inflows	<u>22,552</u>
 Net Position	
Investment in capital assets	38,553
Unrestricted	<u>3,045</u>
Total net position	<u>\$ 41,598</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2015

Exhibit H

	Nonmajor Enterprise <u>School Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$ 178,892</u>
Operating expenses	
Support services	
Operation and maintenance of plant	
Purchased services	<u>1,320</u>
Non-instructional programs	
Food service operations	
Salaries	167,913
Benefits	36,152
Purchased services	14,440
Supplies	183,881
Miscellaneous	<u>4,856</u>
	<u>407,242</u>
Total operating expenses	<u>408,562</u>
Operating (loss)	<u>(229,670)</u>
Non-operating revenues	
Interest income	11
State sources	3,741
Federal sources	<u>256,791</u>
Total non-operating revenues	<u>260,543</u>
Change in net position	30,873
Net position, beginning of year, as restated	<u>10,725</u>
Net position, end of year	<u>\$ 41,598</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

Exhibit I

	Nonmajor Enterprise School Nutrition
Cash flows from operating activities	
Cash received from sale of services	\$ 178,892
Cash payments to employees for services	(211,530)
Cash payments to suppliers for goods and services	(184,134)
Net cash (used in) operating activities	(216,772)
Cash flows from non-capital financing activities	
State grants received	3,741
Federal grants received	229,080
Net cash provided by non-capital financing activities	232,821
Cash flows from capital and related financing activities	-
Cash flows from investing activities	
Interest on investments	11
Net increase in cash and cash equivalents	16,060
Cash and cash equivalents, beginning of year	52,882
Cash and cash equivalents, end of year	<u>\$ 68,942</u>
Reconciliation of operating (loss) to net cash (used in) operating activities	
Operating (loss)	\$ (229,670)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Commodities used	23,760
(Decrease) in net pension liability	(15,764)
(Increase) in deferred outflows of resources	(17,867)
Increase in deferred inflows of resources	22,552
(Increase) in inventory	(4,707)
Increase in accounts payable	1,310
Increase in accrued salaries and benefits	3,614
Net cash (used in) operating activities	<u>\$ (216,772)</u>

Non-cash investing, capital and related financing activities

During the year ended June 30, 2015 the District received \$23,760 of federal commodities.

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

Exhibit J

	Private Purpose Trust	
	<u>Scholarships</u>	<u>Agency</u>
Assets		
Cash, cash equivalents and pooled investments	\$ 300	\$ 539
Liabilities		
Due to others	<u>-</u>	<u>539</u>
Net position		
Reserved for scholarships	<u>\$ 300</u>	<u>\$ -</u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2015

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	\$ -
Deductions	<u>-</u>
Change in net position	-
Net position, beginning of year	<u>300</u>
Net position, end of year	<u><u>\$ 300</u></u>

See notes to financial statements.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

Note 1. Summary of Significant Accounting Policies

The West Burlington Independent School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of West Burlington, Iowa, and the agricultural territory in Des Moines County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Burlington Independent School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The West Burlington Independent School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Fund is utilized to account for the property tax and other revenues used for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Capital Projects - Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District reports no major proprietary funds. However, the District reports one nonmajor proprietary fund, the School Nutrition enterprise fund, which is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations or other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, termination benefits and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been

recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 1,000
Buildings	\$ 1,000
Improvements other than buildings	\$ 1,000
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings & Improvements	7-50 years
Improvements other than buildings	20 years
Intangibles	5-10 years
Furniture and equipment	5-20 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July, August and part of September have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2015. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$64,842 for physical plant and equipment, \$82,087 for student activities and \$753,156 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$74,552 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer To	Transfer From	Amount
Non-major governmental		
Debt Service	Statewide Sales, Services and Use Tax	\$ 943,464

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Statewide Sales, Services and Use Tax Fund to Debt Service Fund were for principal and interest payments on long-term debt.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 117,000	\$ -	\$ -	\$ 117,000
Capital assets being depreciated:				
Buildings and improvements	11,943,005	62,048	-	12,005,053
Improvements other than buildings	898,350	115,881	-	1,014,231
Furniture and equipment	3,773,408	159,619	-	3,933,027
Total capital assets being depreciated	16,614,763	337,548	-	16,952,311
Less accumulated depreciation for:				
Buildings and improvements	4,791,351	254,003	-	5,045,354
Improvements other than buildings	466,646	39,968	-	506,614
Furniture and equipment	2,689,057	288,070	-	2,977,127
Total accumulated depreciation	7,947,054	582,041	-	8,529,095
Total capital assets being depreciated, net	8,667,709	(244,493)	-	8,423,216
Governmental activities capital assets, net	\$ 8,784,709	\$ (244,493)	\$ -	\$ 8,540,216

Business type activities

Furniture and equipment	\$ 102,352	\$ -	\$ -	\$ 102,352
Less accumulated depreciation	<u>63,799</u>	<u>-</u>	<u>-</u>	<u>63,799</u>
Business type activities capital assets, net	<u>\$ 38,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,553</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 59,757
Support services	
Instructional staff services	172,680
Administration	1,257
Operation and maintenance of plant	15,458
Transportation	<u>23,607</u>
	272,759
Unallocated depreciation	<u>309,282</u>
Total governmental activities depreciation expense	<u>\$ 582,041</u>

Business type activities

Food services	<u>\$ -</u>
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Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
<u>Governmental activities</u>					
General obligation refunded bonds	\$ 205,000	\$ -	\$ (205,000)	\$ -	\$ -
Revenue bonds	3,670,000	-	(135,000)	3,535,000	165,000
Revenue bond anticipation notes	658,000	-	(658,000)	-	-
Capital leases	180,210	-	-	180,210	169,193
Termination benefits	177,616	-	(33,785)	143,831	28,098
Net pension liability	3,836,081		(1,035,130)	2,800,951	-
Net OPEB liability	<u>217,259</u>	<u>107,207</u>	<u>(79,795)</u>	<u>244,671</u>	<u>-</u>
Totals	<u>\$ 8,944,166</u>	<u>\$ 107,207</u>	<u>\$ (2,146,710)</u>	<u>\$ 6,904,663</u>	<u>\$ 362,291</u>
<u>Business type activities</u>					
Net pension liability	<u>\$ 58,416</u>	<u>\$ -</u>	<u>\$ (15,764)</u>	<u>\$ 42,652</u>	<u>\$ -</u>

Interest costs incurred and charged to expense on all long-term debt was \$148,427 for the year ended June 30, 2015.

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of May 1, 2010			
	Interest Rates	Principal	Interest	Total
2016	3.75%	\$ 140,000	\$ 125,767	\$ 265,767
2017	3.75%	145,000	120,424	265,424
2018	3.75%	150,000	114,893	264,893
2019	3.75%	155,000	109,174	264,174
2020	4.00%	160,000	103,068	263,068
2021-2025	4.1%-4.5%	915,000	405,860	1,320,860
2026-2030	4.6%-4.875%	<u>1,265,000</u>	<u>174,439</u>	<u>1,439,439</u>
Totals		<u>\$ 2,930,000</u>	<u>\$ 1,153,625</u>	<u>\$ 4,083,625</u>

Year Ending June 30,	Bond issue of June 17, 2014			
	Interest Rates	Principal	Interest	Total
2016	3.25%	\$ 25,000	\$ 19,256	\$ 44,256
2017	3.25%	35,000	18,281	53,281
2018	3.25%	35,000	17,144	52,144
2019	3.25%	35,000	16,006	51,006
2020	3.25%	35,000	14,869	49,869
2021-2025	3.25%	205,000	55,169	260,169
2026-2030	3.250%	<u>235,000</u>	<u>19,581</u>	<u>254,581</u>
Totals		<u>\$ 605,000</u>	<u>\$ 160,306</u>	<u>\$ 765,306</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2016	165,000	145,023	310,023
2017	180,000	138,705	318,705
2018	185,000	132,037	317,037
2019	190,000	125,180	315,180
2020	195,000	117,937	312,937
2021-2025	1,120,000	461,029	1,581,029
2026-2030	<u>1,500,000</u>	<u>194,020</u>	<u>1,694,020</u>
Totals	<u>\$ 3,535,000</u>	<u>\$ 1,313,931</u>	<u>\$ 4,848,931</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,930,000 of bonds issued in May 2010. The bonds were issued to finance remodeling projects at the JH/HS building. The bonds are payable solely from the proceeds of the statewide sales,

services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 70% of the statewide sales and services tax revenues. The District also issued \$605,000 of revenue refunding bonds on June 17, 2014. The proceeds were used to call and pay off \$583,000 of revenue anticipation notes on July 3, 2014. The 2014 issue has no bond resolution restrictions or provisions. The total principal and interest remaining to be paid on the bonds is \$4,848,931. For the current year, \$135,000 of principal and \$141,520 of interest was paid on the bonds and statewide sales, services and use tax revenues were \$457,014.

The resolution providing for the issuance of the 2010 statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$270,572 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales and services tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all the revenue bond provisions during the year ended June 30, 2015.

Capital Lease

On March 1, 2013, the District entered into a capital lease for the purchase of student computers. The District also entered into a capital lease on May 29, 2013 for the purchase of a vehicle. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2015.

	Year Ending <u>June 30,</u>	Copier <u>Lease</u>	Vehicle <u>Lease</u>	<u>Total</u>
	2016	\$ 175,165	\$ 2,607	\$ 177,772
	2017	-	9,068	9,068
Minimum lease payments		175,165	11,675	186,840
Less amount representing interest		5,972	658	6,630
Present value of minimum lease payments		<u>\$ 169,193</u>	<u>\$ 11,017</u>	<u>\$ 180,210</u>

Termination Benefits

Sick leave days accrue at 10-15 days per year (depending upon an employee's status) to a maximum of 105 days. Upon retirement, after attaining age 59 with 10 years of service to the District and upon Board approval, an employee may receive a severance benefit based on a percentage of accumulated sick leave days, payable at the employee's per diem salary on the last day of employment, according to the following schedule:

<u># Years of Service</u>	<u>%</u>
10-14	20
15-19	30
20-24	40
25 or more	50

Individuals who elect early retirement but have not reached their 65th birthday are eligible to have the District continue to pay their insurance benefits through the month of their 65th birthday. Seven individuals are currently receiving this benefit. Termination benefit expenditures for the year ended June 30, 2015 totaled \$33,785.

Note 6. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65. Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$439,484.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$2,843,603 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the

pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.070263 percent, which was an increase of 0.00148 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$228,617. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,904	\$ -
Changes of assumptions	125,495	-
Net difference between projected and actual earnings on pension plan investments	-	1,090,754
Changes in proportion and differences between District contributions and proportionate share of contributions	67,540	-
District contributions subsequent to the measurement date	<u>439,484</u>	<u>-</u>
Total	<u>\$ 663,423</u>	<u>\$ 1,090,754</u>

\$439,484 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	
2016	\$ (220,366)
2017	(220,366)
2018	(220,366)
2019	(220,366)
2020	14,649
Total	<u>\$ (866,815)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2014)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's

proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$5,372,913	\$2,843,603	\$708,608

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPER's website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the District reported payables to the defined benefit pension plan of \$70,980 for legally required employer contributions and \$47,293 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees, and their spouses. There are 68 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 104,491
Interest on net OPEB obligation	2,716
Adjustment to annual required contribution	<u>(8,675)</u>
Annual OPEB cost	98,532
Contributions made	<u>(71,120)</u>
Increase in net OPEB obligation	27,412
Net OPEB obligation beginning of year	<u>217,259</u>
Net OPEB obligation end of year	<u>\$ 244,671</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$71,120 to the medical plan. Plan members eligible for benefits contributed nothing of the premium costs for the OPEB obligation.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 119,975	62.8%	\$159,355
2014	\$ 91,605	36.8%	\$217,259
2015	\$ 98,532	72.2%	\$244,671

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$1,046,836, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$1,046,836. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4.9 million and the ratio of UAAL to covered payroll was 21.3%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2014 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 1.25% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 3%. The medical trend rate is reduced 0.5% each year until reaching the 3% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP-2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$196,494 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the

grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

<u>Program</u>	
4-year old preschool state aid	\$ 31,926
Beginning teacher mentoring and induction program	3,359
Teacher salary supplement	16,200
Educator quality, professional development	<u>26,527</u>
	<u>\$ 78,012</u>

Note 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>	<u>Business type Activities</u>
Net position June 30, 2014, as previously reported	\$ 6,456,438	\$ 69,141
Net pension liability at June 30, 2014	(3,836,081)	(58,416)
Deferred outflows of resources		
related to contributions made after the		
June 30, 2013 measurement date	<u>412,695</u>	<u>-</u>
Net position July 1, 2014, as restated	<u>\$ 3,033,052</u>	<u>\$ 10,725</u>

Note 13. Subsequent Event - Litigation

In September, 2015 the District became involved in a lawsuit with three other school districts against a vendor. It is difficult to estimate the outcome of the litigation and the potential benefits or liabilities to the District. Therefore, no liability or asset for potential benefits or payments has been calculated or reported on these financial statements.

Note 14. Deficit Net Position

The District's governmental activities had negative unrestricted net position of \$1,845,425 at June 30, 2015.

Required Supplementary Information

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 For the Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 5,679,507	\$ 178,903	\$ 5,858,410	\$ 5,881,853	\$ 5,881,853	\$ (23,443)
State sources	3,586,646	3,741	3,590,387	3,101,559	3,101,559	488,828
Federal sources	222,986	256,791	479,777	605,300	605,300	(125,523)
Total revenues	<u>9,489,139</u>	<u>439,435</u>	<u>9,928,574</u>	<u>9,588,712</u>	<u>9,588,712</u>	<u>339,862</u>
Expenditures/Expenses						
Instruction	5,569,383	-	5,569,383	5,720,000	5,720,000	150,617
Support services	2,416,209	1,320	2,417,529	2,793,900	2,900,000	482,471
Non-instructional programs	-	407,242	407,242	404,000	470,000	62,758
Other expenditures	1,561,282	-	1,561,282	1,009,073	2,000,000	438,718
Total expenditures/expenses	<u>9,546,874</u>	<u>408,562</u>	<u>9,955,436</u>	<u>9,926,973</u>	<u>11,090,000</u>	<u>1,134,564</u>
Excess (deficiency) of revenues over (under) expenditures	(57,735)	30,873	(26,862)	(338,261)	(1,501,288)	1,474,426
Net other financing sources	<u>615</u>	<u>-</u>	<u>615</u>	<u>-</u>	<u>-</u>	<u>615</u>
Change in fund balance	(57,120)	30,873	(26,247)	(338,261)	(1,501,288)	1,475,041
Balance, beginning of year, as restated	<u>2,863,991</u>	<u>10,725</u>	<u>2,874,716</u>	<u>1,583,542</u>	<u>1,583,542</u>	<u>1,291,174</u>
Balance, end of year	<u>\$ 2,806,871</u>	<u>\$ 41,598</u>	<u>\$ 2,848,469</u>	<u>\$ 1,245,281</u>	<u>\$ 82,254</u>	<u>\$ 2,766,215</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$1,163,027.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*
Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.070263 %
District's proportionate share of the net pension liability	\$ 2,843,603
District's covered-employee payroll	\$ 4,921,433
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.78%
Plan fiduciary net position as a percentnage of the total pension liability	87.61%

*The amounts preseneted for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

WEST BURLINGTON INDEPENDENT COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System

Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contributions	\$ 439,484	\$ 418,980	\$ 385,698	\$ 346,073	\$ 291,381	\$ 276,341	\$ 261,420	\$ 214,435	\$ 187,357	\$ 181,863
Contributions in relation to the statutorily required contribution	(439,484)	(418,980)	(385,698)	(346,073)	(291,381)	(276,341)	(261,420)	(214,435)	(187,357)	(181,863)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$4,921,433	\$4,691,825	\$4,448,651	\$4,288,389	\$4,192,532	\$4,155,504	\$4,116,850	\$3,544,380	\$3,258,383	\$3,162,835
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying Independent Auditor's Report.

West Burlington Independent School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates

West Burlington Independent School District
Notes to Required Supplementary Information – Pension Liability
Year ended June 30, 2015

- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation to the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 810,631	\$ 810,631	\$ -	\$4,299,180	18.9%
2011	July 1, 2009	-	810,631	810,631	-	4,272,120	19.0%
2012	July 1, 2009	-	810,631	810,631	-	4,317,952	18.8%
2013	July 1, 2011	-	892,929	892,929	-	4,491,210	19.9%
2014	July 1, 2011	-	892,929	892,929	-	4,735,411	18.9%
2015	July 1, 2011	-	1,046,836	1,046,836	-	4,923,997	21.3%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Schedule 1

	<u>Special Revenue</u>	<u>Capital Projects Physical Plant and Equipment Levy</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$82,835	\$ 64,426	\$147,261
Receivables			
Property tax			
Delinquent	-	416	416
Succeeding year	-	51,074	51,074
Accounts receivable	188	-	188
Total assets	<u>\$83,023</u>	<u>\$115,916</u>	<u>\$198,939</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 936	\$ -	\$ 936
Deferred inflows of resources			
Unavailable revenue			
Succeeding year property tax	<u>-</u>	<u>51,074</u>	<u>51,074</u>
Fund balances			
Restricted for			
Student activities	82,087	-	82,087
Physical plant and equipment	-	64,842	64,842
Total fund balances	<u>82,087</u>	<u>64,842</u>	<u>146,929</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$83,023</u>	<u>\$115,916</u>	<u>\$198,939</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

Schedule 2

	<u>Special Revenue</u>	<u>Capital Projects</u>		
		Physical Plant and Equipment	Building	
	<u>Student Activity</u>	<u>Levy</u>	<u>Project</u>	<u>Total</u>
Revenues				
Local sources				
Local taxes	\$ -	\$ 155,112	\$ -	\$ 155,112
Other	212,709	2,508	-	215,217
State sources	-	2,573	-	2,573
Total revenues	<u>212,709</u>	<u>160,193</u>	<u>-</u>	<u>372,902</u>
Expenditures				
Current				
Instruction				
Other	<u>203,937</u>	<u>-</u>	<u>-</u>	<u>203,937</u>
Support services				
Operation and maintenance	<u>-</u>	<u>20,014</u>	<u>-</u>	<u>20,014</u>
of plant				
Other expenditures				
Facilities acquisition	<u>-</u>	<u>90,044</u>	<u>44,207</u>	<u>134,251</u>
Total expenditures	<u>203,937</u>	<u>110,058</u>	<u>44,207</u>	<u>358,202</u>
Change in fund balances	8,772	50,135	(44,207)	14,700
Fund balances, beginning of year	73,315	14,707	44,207	132,229
Fund balances, end of year	<u>\$ 82,087</u>	<u>\$ 64,842</u>	<u>\$ -</u>	<u>\$ 146,929</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2015

Schedule 3

Account	Balance, Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance, End of Year
Athletics	\$ 36,895	\$ 156,479	\$ 150,860	\$ 657	\$ 43,171
Art club	291	1,094	765	31	651
FCCLA	134	787	889	-	32
JOOI Club	429	-	-	-	429
National Honor Society	593	-	-	-	593
Pep club	(76)	2,632	2,194	-	362
Lego League	733	-	675	-	58
SADD	-	892	117	-	775
High school science club	965	1,094	1,071	31	1,019
Spanish club	99	1,556	1,308	31	378
Post prom	1,149	12,824	12,253	(771)	949
Student council	(65)	3,572	2,838	-	669
Middle school student council	524	73	271	-	326
Class of:					
2018	-	44	-	-	44
2014	176	-	-	(176)	-
2015	148	259	309	-	98
2016	434	1,909	2,388	-	(45)
2017	367	44	-	-	411
Book fair	-	9,845	9,828	-	17
MS Soar	3,528	589	1,320	-	2,797
HS Soar	2	589	1,039	-	(448)
Yearbook	3,944	10,332	5,224	(55)	8,997
Drama	6,548	1,833	3,290	-	5,091
Interest	4,282	17	-	-	4,299
Dance team	1,004	2,915	3,354	-	565
Cheerleaders	277	284	210	(15)	336
Middle school cheerleaders	88	-	-	-	88
Elementary account	7,145	3,029	3,649	267	6,792
Music trip	6,020	-	-	-	6,020
Student activities	(2,319)	17	85	-	(2,387)
Totals	<u>\$ 73,315</u>	<u>\$ 212,709</u>	<u>\$ 203,937</u>	<u>\$ -</u>	<u>\$ 82,087</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Modified Accrual Basis										
Revenues										
Local sources										
Local tax	\$ 2,505,671	\$ 2,398,747	\$ 2,667,793	\$ 2,669,132	\$ 2,614,057	\$ 2,535,460	\$ 2,553,376	\$ 2,461,557	\$ 2,412,175	\$ 2,244,519
Tuition	2,837,591	2,571,394	2,435,750	2,236,917	2,123,906	2,090,440	1,794,053	1,605,075	1,418,905	1,297,548
Other	336,245	315,239	377,597	435,941	319,554	498,012	435,846	394,122	326,539	347,559
Intermediate sources	-	-	-	-	-	1	-	-	-	-
State sources	3,586,646	3,691,961	3,043,775	2,735,310	2,542,637	2,244,535	2,676,779	2,633,996	2,366,979	2,271,340
Federal sources	222,986	278,858	299,588	310,682	380,973	460,827	240,577	162,137	182,704	160,616
Total revenues	<u>\$ 9,489,139</u>	<u>\$ 9,256,199</u>	<u>\$ 8,824,503</u>	<u>\$ 8,387,982</u>	<u>\$ 7,981,127</u>	<u>\$ 7,829,275</u>	<u>\$ 7,700,631</u>	<u>\$ 7,256,887</u>	<u>\$ 6,707,302</u>	<u>\$ 6,321,582</u>
Expenditures										
Current										
Instruction										
Regular	\$ 3,888,686	\$ 3,456,974	\$ 3,261,895	\$ 3,143,303	\$ 3,013,408	\$ 2,791,487	\$ 2,699,571	\$ 2,508,997	\$ 2,273,662	\$ 2,768,537
Special	702,462	788,204	808,665	945,966	985,242	948,095	949,735	776,639	759,787	522,793
Other	978,235	1,005,847	1,029,907	971,592	1,020,150	1,015,525	935,805	841,645	800,026	396,889
Support services										
Student	201,791	192,758	191,883	187,187	183,538	191,640	179,507	191,030	168,435	157,763
Instructional staff	370,299	387,049	913,424	390,268	387,114	272,461	250,350	277,027	322,784	255,231
Administration	849,902	821,589	802,247	715,492	715,839	667,944	677,463	642,081	599,558	543,696
Operation and maintenance of plant	862,548	790,636	757,423	740,562	643,286	825,359	657,586	679,517	585,857	540,321
Transportation	131,669	171,387	102,799	92,725	70,352	72,295	98,518	77,710	68,197	100,591
Central support services	-	-	-	-	-	-	-	-	-	-
Other expenditures										
Facilities acquisition	214,184	126,222	786,433	791,361	2,276,659	537,957	197,661	152,946	166,826	225,816
Long-term debt										
Principal	998,000	750,810	668,917	1,396,500	351,500	310,000	560,000	596,101	573,899	3,240,000
Interest and other charges	152,604	168,121	182,946	216,690	163,805	148,898	95,301	114,788	132,888	292,279
AEA flowthrough	196,494	192,581	175,990	162,907	179,847	178,872	166,586	163,009	150,708	143,295
Total expenditures	<u>\$ 9,546,874</u>	<u>\$ 8,852,178</u>	<u>\$ 9,682,529</u>	<u>\$ 9,754,553</u>	<u>\$ 9,990,740</u>	<u>\$ 7,960,533</u>	<u>\$ 7,468,083</u>	<u>\$ 7,021,490</u>	<u>\$ 6,602,627</u>	<u>\$ 9,187,211</u>

See accompanying Independent Auditor's Report.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2015

Schedule 5

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Assets				
Cash, cash equivalents and pooled investments	<u>\$ 694</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 539</u>
Liabilities				
Due to others	<u>\$ 694</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 539</u>

See accompanying Independent Auditor's Report.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
West Burlington Independent School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Burlington Independent School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 18, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered West Burlington Independent School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Burlington Independent School District's internal control. Accordingly, I do not express an opinion on the effectiveness of West Burlington Independent School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Burlington Independent School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

West Burlington Independent School District's Responses to the Findings

West Burlington Independent School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. West Burlington Independent School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of West Burlington Independent School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Kay L. Chapman, CPA PC
March 18, 2015

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performs the following duties: as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - Variances in the basic enrollment data certified to the Iowa Department of Education were noted. The resident students reported to the Iowa Department of Education was overstated by 5 students because foreign exchange students were inadvertently included in the student count reported.

Recommendation - The District should contact the Iowa Department of Education and Iowa Department of Management to resolve this issue.

Response - We have contacted the Iowa Department of Education and the Iowa Department of Management, as recommended.

Conclusion - Response accepted.

8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Iowa Department of Education.
11. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales,

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2015
services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,302,955
Revenues		
Statewide sales and services tax revenue	\$ 457,014	
Other local revenues	<u>16,584</u>	473,598
Expenditures/transfers out		
School infrastructure		
Equipment	\$ 79,933	
Debt service for school infrastructure		
Revenue debt	<u>943,464</u>	<u>1,023,397</u>
Ending balance		<u>\$ 753,156</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

13. Images of Checks - The District receives their cancelled checks from the bank as photo images, showing only the front of the checks for the School Nutrition and Student Activity Funds. Chapter 554D.114 of the Code of Iowa requires both the front and back of check images be retained.

Recommendation - The District should contact the bank to rectify this situation so that they receive photo images of both front and back of each check.

Response - We will contact the bank to resolve this matter.

Conclusion - Response accepted.

14. Deficit Net Position - The District's governmental activities had negative unrestricted net position of \$1,845,425 at June 30, 2015.

Recommendation - The District should continue to monitor these activities and investigate alternatives to eliminate this deficit.

Response - This deficit was a result of adopting GASB Statement No. 68 during the year ended June 30, 2015.

Conclusion - Response accepted.

WEST BURLINGTON INDEPENDENT SCHOOL DISTRICT
Audit Staff
June 30, 2015

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant